

UNITED STATES INTERNATIONAL TRADE COMMISSION

**COMMERCIAL AVAILABILITY OF APPAREL INPUTS (2005):
EFFECT OF PROVIDING PREFERENTIAL TREATMENT TO
SHIRTS, BLOUSES, AND SLEEPWEAR OF COTTON
SEERSUCKER FABRICS**

Investigation No. 332-465-009

July 2005



Commercial Availability of Apparel Inputs (2005): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries

U.S. International Trade Commission Investigation No. 332-465-009

Products	Shirts, blouses, and sleepwear of cotton seersucker fabrics
Requesting Parties	B*W*A, New York, NY
Date of Commission Report: USTR Public	July 13, 2005 July 2005
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NOTICE

THIS REPORT IS A PUBLIC VERSION OF THE REPORT SUBMITTED TO USTR
ON JULY 13, 2005. ALL CONFIDENTIAL INFORMATION HAS BEEN
REMOVED AND REPLACED WITH ASTERISKS (***)

Summary of findings

This report contains the Commission's advice for 100-percent cotton seersucker fabrics named in three petitions filed on behalf of B*W*A, New York, NY. The Commission's analysis indicates that granting duty-free treatment to U.S. imports of shirts, blouses, and sleepwear produced in eligible Caribbean Basin countries from the subject cotton seersucker fabrics, regardless of the source of such fabrics, is unlikely to have an effect on the U.S. apparel industry or its workers because it appears that the domestic garments do not compete in the same segments of the domestic market as the imported garments. Given the unique construction of seersucker fabrics, it is unlikely that the specified apparel articles made from other types of fabric would be viewed as good substitutes for the subject articles. To the extent that seersucker fabrics currently produced in the United States are substitutable for the subject 100-percent cotton seersucker fabrics, the proposed action might have a slight adverse effect on U.S. fabric and yarn mills. The proposed action would likely benefit U.S. firms making the specified garments in eligible Caribbean Basin countries from the subject fabrics, and their U.S.-based workers, as well as U.S. consumers.

Background

On January 19, 2005, following receipt of a request from the United States Trade Representative (USTR), the Commission instituted investigation No. 332-465, *Commercial Availability of Apparel Inputs (2005): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries*, under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)). Under this investigation, the Commission provides advice regarding the probable economic effect of granting preferential treatment for apparel made from fabrics or yarns that are the subject of petitions filed by interested parties in 2005 with the Committee for the Implementation of Textile Agreements (CITA) under the "commercial availability" provisions of the African Growth and Opportunity Act (AGOA), the United

States-Caribbean Basin Trade Partnership Act (CBTPA), and the Andean Trade Promotion and Drug Eradication Act (ATPDEA).¹

The Commission's advice in this report relates to two petitions received by CITA on June 1, 2005, and one petition received by CITA on June 7, 2005, each alleging that certain cotton seersucker fabrics cannot be supplied by the domestic industry in commercial quantities in a timely manner. The petitioner requests that the President proclaim preferential treatment for shirts, blouses, and sleepwear made in eligible CBTPA beneficiary countries from such fabrics, regardless of the source of the fabrics.²

Discussion of the product

The three petitions state that the subject fabrics are classified in the Harmonized Tariff Schedule of the United States (HTS) under subheadings providing for woven fabrics of cotton, containing 85 percent or more by weight of cotton, depending on fabric weight, whether the fabric was dyed in fabric form ("piece-dyed") or made of yarns of different colors ("yarn-dyed"), and average yarn number (yarn size).³ Such fabrics weighing more than 100 grams but not more than 200 grams per square meter are classified in subheadings 5208.32.30, 5208.32.40, and 5208.32.50, if piece-dyed, and in subheadings 5208.42.30, 5208.42.40, and 5208.42.50, if yarn-dyed. Fabrics weighing more than 200 grams per square meter are classified in subheadings 5209.31.60 (piece-dyed) and 5209.41.60 (yarn-dyed). The petitions state that the subject fabrics are for use in woven shirts, blouses, and sleepwear, classified in HTS chapter 62 (apparel, not knitted or crocheted) and subject to U.S. general rates of duty ranging from 6.1 percent to 19.7 percent ad valorem.

The three petitions state that the subject fabrics are 100-percent cotton seersucker fabrics woven on looms having two warp beams.⁴ The warp yarns are divided equally between the two beams, with one set of warp yarns subject to "normal warp tension" and the other set subject to a "relaxed or tensionless state."⁵ The crinkled or puckered appearance of seersucker fabrics results from the difference in tension between the two sets of warp yarns. All three petitions have identical fabric specifications, except that petition 1 covers piece-dyed fabrics; petition 2, yarn-dyed fabrics having both dyed warp and filling yarns; and petition 3, yarn-dyed fabrics having only dyed warp yarns, as shown in the following tabulation.

¹ For more information on the investigation, see the Commission's notice of investigation published in the *Federal Register* of Jan. 26, 2005 (70 F.R. 3728) and consult the Commission's website at www.usitc.gov/ind_econ_ana/research_ana/pres_cong/332/short_supply/shortsupintro.htm.

² The President may proclaim such action if (1) he determines that the subject fabric or yarn cannot be supplied by the domestic industry in commercial quantities in a timely manner; (2) he has obtained advice from the Commission and the appropriate advisory committee; (3) he has submitted a report, within 60 calendar days after the request, to the House Committee on Ways and Means and the Senate Committee on Finance, that sets forth the action proposed, the reasons for such action, and advice obtained; (4) a period of 60 calendar days, beginning with the day on which he has met the requirements of (3), has expired; and (5) he has consulted with such committees on the proposed action during the 60-day period referred to in (3). In Executive Order No. 13191, the President delegated to CITA the authority to determine whether particular fabrics or yarns cannot be supplied by the domestic industry in commercial quantities in a timely manner. The President authorized CITA and USTR to submit the required report to the Congress.

³ The three petitions each state that the subject fabrics weigh 101 to 255 grams per square meter and have an overall average yarn number of 30 to 115 metric.

⁴ Except as noted, information in this paragraph is from the petitions filed on behalf of B*W*A by John C. Kingery, Of Counsel, Sandler, Travis & Rosenberg, P.A., and received by CITA, June 1 and 7, 2005.

⁵ Warp yarns run vertically on the loom and in the fabric; filling yarns run horizontally across the loom and fabric.

Fabric specifications				
HTS subheading and description	Finish	Weight and Width¹	Construction	Yarn number for the warp, filling, and overall average yarn number (AYN)
Petition 1: 5208.32.30, 5208.32.40, 5208.32.50 & 5209.31.60 Plain weave 100-percent cotton, double warp beam seersucker fabrics	Piece-dyed	101-255 gm/m ² ; 136-152 cm in width	23-48 warp ends/cm 19-40 filling picks/cm total: 42-88 threads/cm ²	2 warp: (1) 33/1-119/1 metric; (2) 33/1-119/1 & 33/2-119/2 metric filling: 33/1-119/1 metric AYN: 30-115 metric
Petition 2: 5208.42.30, 5208.42.40, 5208.42.50 & 5209.41.60 Plain weave 100-percent cotton, double warp beam seersucker fabrics	Of yarns of different colors in the warp & filling	101-255 gm/m ² ; 136-152 cm in width	23-48 warp ends/cm 19-40 filling picks/cm total: 42-88 threads/cm ²	2 warp: (1) 33/1-119/1 metric; (2) 33/1-119/1 & 33/2-119/2 metric filling: 33/1-119/1 metric AYN: 30-115 metric
Petition 3: 5208.42.30, 5208.42.40, 5208.42.50 & 5209.41.60 Plain weave 100-percent cotton, double warp beam seersucker fabrics	Of yarns of different colors in the warp	101-255 gm/m ² ; 136-152 cm in width	23-48 warp ends/cm 19-40 filling picks/cm total: 42-88 threads/cm ²	2 warp: (1) 33/1-119/1 metric; (2) 33/1-119/1 & 33/2-119/2 metric filling: 33/1-119/1 metric AYN: 30-115 metric
¹ All the widths are "cuttable" widths, usable for making the garments.				

The petitioner, B*W*A, is a New York-based firm that produces apparel offshore. ***⁶ B*W*A plans to make the garments in a CBTPA country from 100-percent cotton seersucker fabrics woven in ***. ***

Discussion of affected U.S. industries, workers, and consumers

Apparel producers

A representative of the American Apparel & Footwear Association (AAFA) said he was unaware of any firms making significant quantities of seersucker shirts, blouses, and sleepwear in the United States.⁷ He said that, in general, most U.S. apparel production is either for the U.S. military or by U.S. firms producing custom goods or small quantities of apparel to augment their import lines for replenishment purposes.

Cotton seersucker shirts are made domestically by at least *** firms (***).⁸ ***⁹ ***¹⁰

Based on this information, it appears that the cotton seersucker shirts made domestically by *** do not compete in the same segments of the domestic market as those made abroad by B*W*A.¹¹ The retail

⁶ Except as noted, information in the paragraph is from Charles Bremer, e-mail with Commission staff, June 16, 2004.

⁷ Information in this paragraph is from a telephone interview by Commission staff, Apr. 26, 2005, and e-mail correspondence to Commission staff, June 14, 2005, with Stephen Lamar, AAFA, Arlington, VA.

⁸ ***

⁹ ***, telephone interview by Commission staff, June 24, 2005.

¹⁰ ***, telephone interview by Commission staff, June 27, 2005.

¹¹ Information in this paragraph is from telephone interviews by Commission staff with ***.

price of cotton seersucker shirts made abroad by B*W*A and sold by such retailers as *** is ***, compared with about *** for those of *** and *** for those of ***. ***

Fabric producers

The only known U.S. producers of seersucker fabrics are Dan River, Inc., Danville, VA, and Russell Fabrics, a division of the Russell Corporation, Alexander City, AL. ***¹²***¹³***

In a written submission to CITA, Russell Fabrics stated that it recently resumed production of 100-percent cotton seersucker fabrics to fill an order for delivery in *** and that its seersucker fabrics in polyester/cotton blends are substitutable for the 100-percent cotton seersucker fabrics named in the petitions.¹⁴ ***¹⁵ Although Russell stated that currently it has operated its looms at full capacity producing primarily polyester/cotton seersucker fabrics because demand has been for the blended fabrics, Russell stated that as demand for 100-percent cotton seersucker fabric increases, the mill is capable and will change its production to meet market demand.¹⁶ Russell's statement of opposition stated further that it could expand capacity "through new capital investments,"¹⁷ and that it ***.¹⁸ ***¹⁹ ***²⁰ ***²¹***

²²²³***²⁴***²⁵

In its written submission to CITA, Russell said its polyester/cotton seersucker fabrics are substitutable for the subject 100-percent cotton seersucker fabrics. ***²⁶

Yarn producers

Cotton yarns of a kind used to make the subject fabrics are reportedly made by several U.S. yarn mills, including Parkdale Mills, Gastonia, NC, the largest producer of cotton yarn in the Western Hemisphere; Tuscarora Mills; Avondale Mills; National Textiles; Ramtex; RL Stowe Mills; Swift Spinning; and Buhler Quality Yarns.²⁷ Although Russell Fabrics only recently resumed domestic production of 100-percent cotton seersucker fabrics, these yarn mills may have been selling cotton yarn to Russell and Dan River for use in the production of polyester/cotton blended seersucker fabrics.

¹² James Martin, President, Apparel Fabric Division, Dan River, telephone interview by Commission staff, June 16, 2005.

¹³ ***

¹⁴ Information in this paragraph is from the written statement of opposition filed with CITA on behalf of the Russell Corp. by B.J. Shannon, Alston & Bird, LLP, June 23, 2005.

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¹⁶ Written statement of opposition filed with CITA on behalf of the Russell Corp. by B.J. Shannon, Alston & Bird, LLP, June 23, 2005, p. 4.

¹⁷ Ibid.

¹⁸ Information is from the written statement of opposition filed with CITA on behalf of the Russell Corp. by B.J. Shannon, Alston & Bird, LLP, June 23, 2005.

¹⁹ Ibid.

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²⁷ Telephone interviews by Commission staff with Peter Hagerty, President, Tuscarora Mills, and Michael Hubbard, Vice President, National Council of Textile Organization (NCTO), June 14, 2005. NCTO is a Washington, DC-based lobbying group representing the fiber, fabric, supplier, and yarn industries.

Views of interested parties

No written submissions were filed with the Commission.

Probable economic effect advice²⁸

The Commission's analysis indicates that granting duty-free treatment to U.S. imports of woven shirts, blouses, and sleepwear made in eligible CBTPA countries from 100-percent cotton seersucker fabrics, regardless of the source of such fabrics, is unlikely to have an effect on the U.S. apparel industry or its workers, because it appears that the domestic and imported seersucker garments do not compete in the same segments of the domestic market. The subject seersucker garments reportedly represent a very small share of total production of U.S. apparel producers and the U.S. market for such garments is currently very small. Given the unique construction of seersucker fabrics, it is unlikely that shirts, blouses, and sleepwear made from other types of fabric would be viewed as good substitutes for the subject articles.

To the extent that seersucker fabrics currently produced in the United States are substitutable for the subject 100-percent cotton seersucker fabrics, the proposed action might have a slight adverse effect on U.S. fabric and yarn mills. Russell Fabrics states that it recently resumed production of 100-percent cotton seersucker fabrics in response to a pick-up in demand for such fabrics and that its polyester/cotton seersucker fabrics are substitutable for the subject 100-percent cotton seersucker fabrics. However, a representative of the petitioner claims that the polyester/cotton blended seersucker fabrics are not substitutable for the 100-percent cotton seersucker fabrics, ***. Russell Fabrics also stated that it recently "has operated its looms to capacity" making primarily polyester/cotton seersucker fabrics, that it "can and will shift its production" to make cotton seersucker fabrics as demand for them increases, that it "could also expand its overall capacity to produce seersucker fabrics through new capital investments," and that "even given its current capacity and its current contractual obligations to fill orders for polyester/cotton seersucker fabrics, ***²⁹ To the extent that substitutable fabrics are currently produced domestically, any U.S. yarn producers that may supply cotton yarns to these mills may experience a similar slight adverse effect.

The proposed preferential treatment would likely benefit U.S. firms making the specified apparel products in eligible CBTPA countries and their U.S.-based workers. It would also likely benefit U.S. consumers of shirts and blouses made of the subject fabrics to the extent that importers pass on some of the duty savings to retail consumers.

²⁸ The Commission's advice is based on information currently available to the Commission.

²⁹ Written statement of opposition filed with CITA on behalf of the Russell Corp. by B.J. Shannon, Alston & Bird, LLP, June 23, 2005, p. 4.